Form 3160-3
(August 1999)

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.
UTU-29797

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

1a. Type of Work: [X] DRILL [ ] REENTER

b. Type of Well: [ ] Oil Well [X] Gas Well [ ] Other [ ] Single Zone [X] Multiple Zone

8. Lease Name and Well No.
BITTER CREEK 1122-3H

2. Name of Operator
KERR McGEE OIL & GAS ONSHORE LP

9. API Well No.
43-047-38822

3A. Address
1368 SOUTH 1200 EAST VERNAL, UT 84078

3b. Phone No. *(include area code)*
(435) 781-7024

10. Field and Pool, or Exploratory
BITTER CREEK

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*
At surface **SENE 2350'FNL, 784'FEL** 633905X 39.891718
At proposed prod. Zone 4419703Y -109.433829

11. Sec., T., R., M., or Blk, and Survey or Area
SEC 3, T11S, R22E

14. Distance in miles and direction from nearest town or post office*
41.25 MILES SOUTHEAST OF OURAY, UTAH

12. County or Parish
UINTAH

13. State
UTAH

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)
784'

16. No. of Acres in lease
701.24

17. Spacing Unit dedicated to this well
40.00

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.
REFER TO TOPO C

19. Proposed Depth
7600'

20. BLM/BIA Bond No. on file
BOND NO. WY-2357

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
5085'GL

22. Approximate date work will start*

23. Estimated duration

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office.
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized office.

25. Signature
Name *(Printed/Typed)* **SHEILA UPCHEGO** Date **10/24/2006**

Title
REGULATORY ANALYST

Approved by *(Signature)*
Name *(Printed/Typed)* **BRADLEY G. HILL** Date **11-07-06**

Title
Office **ENVIRONMENTAL MANAGER**

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

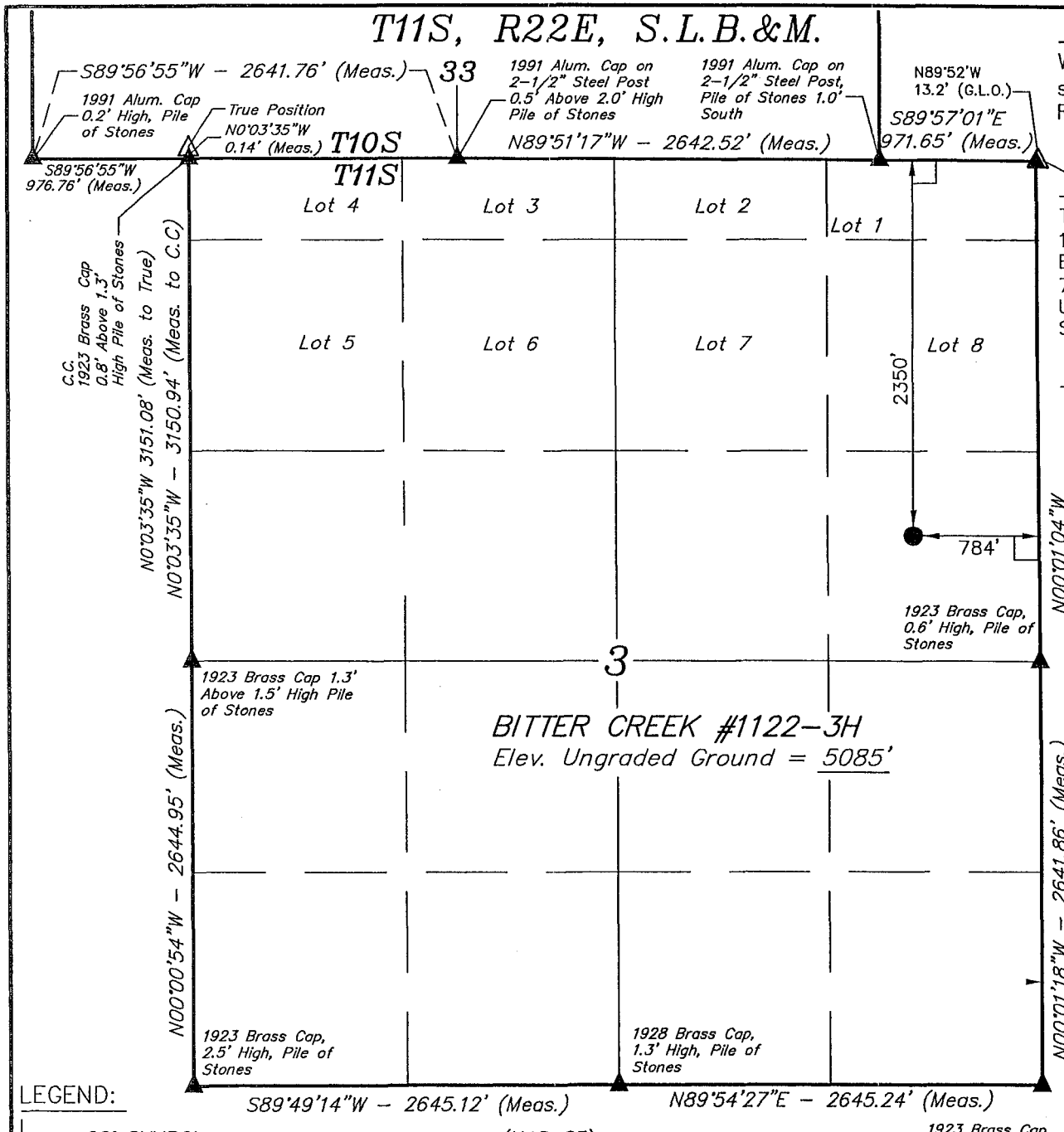
Title 18 U.S.C. Section 1001and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**(Instructions on reverse)*

Federal Approval of this Action is Necessary

RECEIVED
NOV 01 2006
DIV. OF OIL, GAS & MINING

T11S, R22E, S.L.B.&M.



Kerr-McGee Oil & Gas Onshore LP

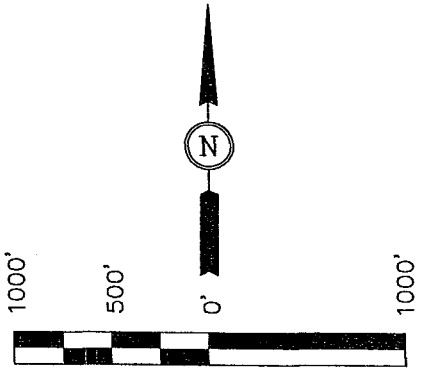
Well location, BITTER CREEK #1122-3H, located as shown in the SE 1/4 NE 1/4 of Section 3, T11S, R22E, S.L.B.&M. Uintah County, Utah.

BASIS OF ELEVATION

TWO WATER TRIANGULATION STATION LOCATED IN THE NW 1/4 OF SECTION 1, T10S, R21E, S.L.B.&M. TAKEN FROM THE BIG PACK MTN NE, QUADRANGLE, UTAH, UINTAH COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5238 FEET.

BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.



SCALE

CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

REGISTERED LAND SURVEYOR No. 161319 STATE OF UTAH ROBERT L. KAY

REGISTERED LAND SURVEYOR
REGISTRATION NO. 161319
STATE OF UTAH

LEGEND:

- └ = 90° SYMBOL
- ● = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.
- △ = SECTION CORNERS RE-ESTABLISHED. (Not Set On Ground)

(NAD 83)
LATITUDE = 39°53'30.22" (39.891728)
LONGITUDE = 109°26'04.31" (109.434531)
(NAD 27)
LATITUDE = 39°53'30.34" (39.891761)
LONGITUDE = 109°26'01.86" (109.433850)

UINTAH ENGINEERING & LAND SURVEYING
85 SOUTH 200 EAST – VERNAL, UTAH 84078
(435) 789-1017

SCALE	DATE SURVEYED:	DATE DRAWN:
1" = 1000'	08-14-06	08-18-06
PARTY: D.K. P.J. C.H.	REFERENCES: G.L.O. PLAT	
WEATHER: WARM	FILE: Kerr-McGee Oil & Gas Onshore LP	

BITTER CREEK 1122-3H
SE/NE SECTION 3, T11S, R22E
UINTAH COUNTY, UTAH
UTU-29797

ONSHORE ORDER NO. 1

DRILLING PROGRAM

1. **Estimated Tops of Important Geologic Markers:**

Formation	Depth
Uinta	0- Surface
Green River	350'
Top of Birds Nest Water	653'
Mahogany	1150'
Wasatch	3322'
Mesaverde	5600'
MVU2	6574'
MVL1	7162'
TD	7600'

2. **Estimated Depths of Anticipated Water, Oil, Gas, or Mineral Formations:**

Substance	Formation	Depth
	Green River	350'
Water	Top of Birds Nest Water	653'
	Mahogany	1150'
Gas	Wasatch	3322'
Gas	Mesaverde	5600'
Gas	MVU2	6574'
Gas	MVL1	7162'
Water	N/A	
Other Minerals	N/A	

3. **Pressure Control Equipment** (Schematic Attached)

Please refer to the attached Drilling Program.

4. **Proposed Casing & Cementing Program:**

Please refer to the attached Drilling Program.

5. **Drilling Fluids Program:**

Please refer to the attached Drilling Program.

6. **Evaluation Program:**

Please refer to the attached Drilling Program.

7. **Abnormal Conditions:**

Maximum anticipated bottomhole pressure calculated at 7600' TD, approximately equals 4712 psi (calculated at 0.62 psi/foot).

Maximum anticipated surface pressure equals approximately 3040 psi (bottomhole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/foot).

8. **Anticipated Starting Dates:**

Drilling is planned to commence immediately upon approval of this application.

9. **Variances:**

Please refer to the attached Drilling Program.

10. **Other Information:**

Please refer to the attached Drilling Program.

KerrMcGee

KERR-McGEE OIL & GAS ONSHORE LP

DRILLING PROGRAM

COMPANY NAME	KERR-McGEE OIL & GAS ONSHORE LP		DATE	October 24, 2006	
WELL NAME	BITTER CREEK 1122-3H		TD	7,600' MD/TVD	
FIELD	Natural Buttes	COUNTY Uintah STATE Utah	ELEVATION	5,085' GL	KB 5,100'
SURFACE LOCATION	SENE SEC. 3, T11S, R22E 2350'FNL, 784'FEL			BHL	Straight Hole
	Latitude: 39.891728	Longitude: 109.434531			
OBJECTIVE ZONE(S)	Wasatch/Mesaverde				
ADDITIONAL INFO	Regulatory Agencies: BLM (SURF & MINERALS), UDOGM, Tri-County Health Dept.				

GEOLOGICAL			MECHANICAL		
LOGS	FORMATION TOPS	DEPTH	HOLE SIZE	CASING SIZE	MUD WEIGHT
		40'	14"		
			12-1/4"	9-5/8", 32.3#, H-40, STC	Air mist
Catch water sample, if possible, from 0 to 3,322'	Green River @	0,350'			
	Top of Birds Nest Water @	653'			
	Mahogany @	1,150'			
	Preset f/ GL @	1,210' MD			
Mud logging program TBD Open hole logging program f/ TD - surf csg	Wasatch @	3,322'	7-7/8"	4-1/2",11.6#, I-80 or equivalent LTC casing	Water/Fresh Water Mud 8.3-11.5 ppg
	Mverde @	5,600'			
	MVU2 @	6,574'			
	MVL1 @	7,162'			
	TD @	7,600'			Max anticipated Mud required 11.5 ppg

Note: 12.25" surface hole will usually be drilled ±400' below the bottom of lost circulation zone. Drilled depth may be ±200' of the estimated set depth depending on the acutal depth of the loss zone.

KERR-McGEE OIL & GAS ONSHORE LP

DRILLING PROGRAM

CASING PROGRAM

	SIZE	INTERVAL			WT.	GR.	CPLG.	DESIGN FACTORS BURST	COLLAPSE	TENSION
CONDUCTOR	14"	0-40'						2270	1370	254000
SURFACE	9-5/8"	0	to	1210	32.30	H-40	STC	0.79********	2.42	7.42
								7780	6350	201000
PRODUCTION	4-1/2"	0	to	7600	11.60	I-80	LTC	2.71	1.40	2.61

1) Max Anticipated Surf. Press.(MASP) (Surface Casing) = (Pore Pressure at next csg point-(0.22 psi/ft-partial evac gradient x TVD of next csg point)

2) MASP (Prod Casing) = Pore Pressure at TD - (.22 psi/ft-partial evac gradient x TD)

(Burst Assumptions: TD = 11.5 ppg) .22 psi/ft = gradient for partially evac wellbore

(Collapse Assumption: Fully Evacuated Casing, Max MW) (Tension Assumptions: Air Weight of Casing*Buoy.Fact. of water)

MASP 2873 psi

******** Burst SF is low but csg is much stronger than formation at 2000'. EMW @ 2000' for 2270# is 21.8 ppg or 1.13 psi/ft

CEMENT PROGRAM

		FT. OF FILL	DESCRIPTION	SACKS	EXCESS	WEIGHT	YIELD
SURFACE	LEAD	500	Premium cmt + 2% CaCl + .25 pps flocele	215	60%	15.60	1.18
Option 1	TOP OUT CMT (1)	200	20 gals sodium silicate + Premium cmt + 2% CaCl + .25 pps flocele	50		15.60	1.18
	TOP OUT CMT (2)	as required	Premium cmt + 2% CaCl	as req.		15.60	1.18
SURFACE			**NOTE: If well will circulate water to surface, option 2 will be utilized**				
Option 2	LEAD	1500	Prem cmt + 16% Gel + 10 pps gilsonite +.25 pps Flocele + 3% salt BWOC	170	35%	11.00	3.82
	TAIL	500	Premium cmt + 2% CaCl + .25 pps flocele	180	35%	15.60	1.18
	TOP OUT CMT	as required	Premium cmt + 2% CaCl	as req.		15.60	1.18
PRODUCTION	LEAD	2,820'	Premium Lite II + 3% KCl + 0.25 pps celloflake + 5 pps gilsonite + 10% gel + 0.5% extender	310	60%	11.00	3.38
	TAIL	4,780'	50/50 Poz/G + 10% salt + 2% gel +.1% R-3	1340	60%	14.30	1.31

*Substitute caliper hole volume plus 0% excess for LEAD if accurate caliper is obtained

*Substitute caliper hole volume plus 10% excess for TAIL if accurate caliper is obtained

FLOAT EQUIPMENT & CENTRALIZERS

SURFACE	Guide shoe, 1 jt, insert float. Centralize first 3 joints with bow spring centralizers. Thread lock guide shoe.
PRODUCTION	Float shoe, 1 jt, float collar. Centralize first 3 joints & every third joint to top of tail cement with bow spring centralizers.

ADDITIONAL INFORMATION

Test casing head to 750 psi after installing. Test surface casing to 1,500 psi prior to drilling out.

BOPE: 11" 5M with one annular and 2 rams. Test to 5,000 psi (annular to 2,500 psi) prior to drilling out. Record on chart recorder & tour sheet. Function test rams on each trip. Maintain safety valve & inside BOP on rig floor at all times. Kelly to be equipped with upper & lower kelly valves.

Drop Totco surveys every 2000'. Maximum allowable hole angle is 5 degrees.

Most rigs have PVT Systems for mud monitoring. If no PVT is available, visual monitoring will be utililzed.

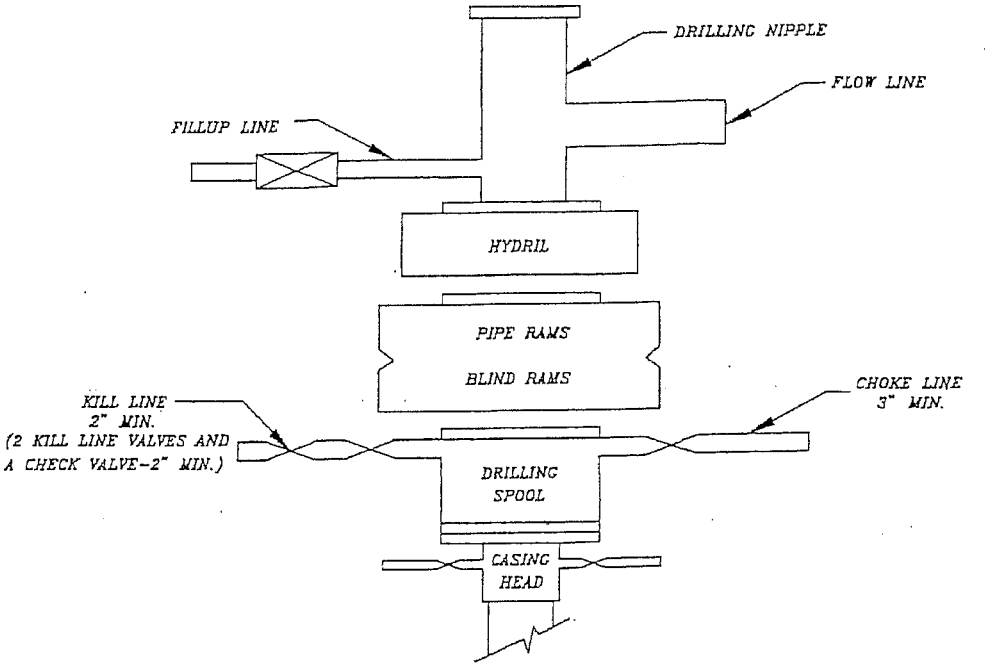
DRILLING ENGINEER: _____ **DATE:** _____

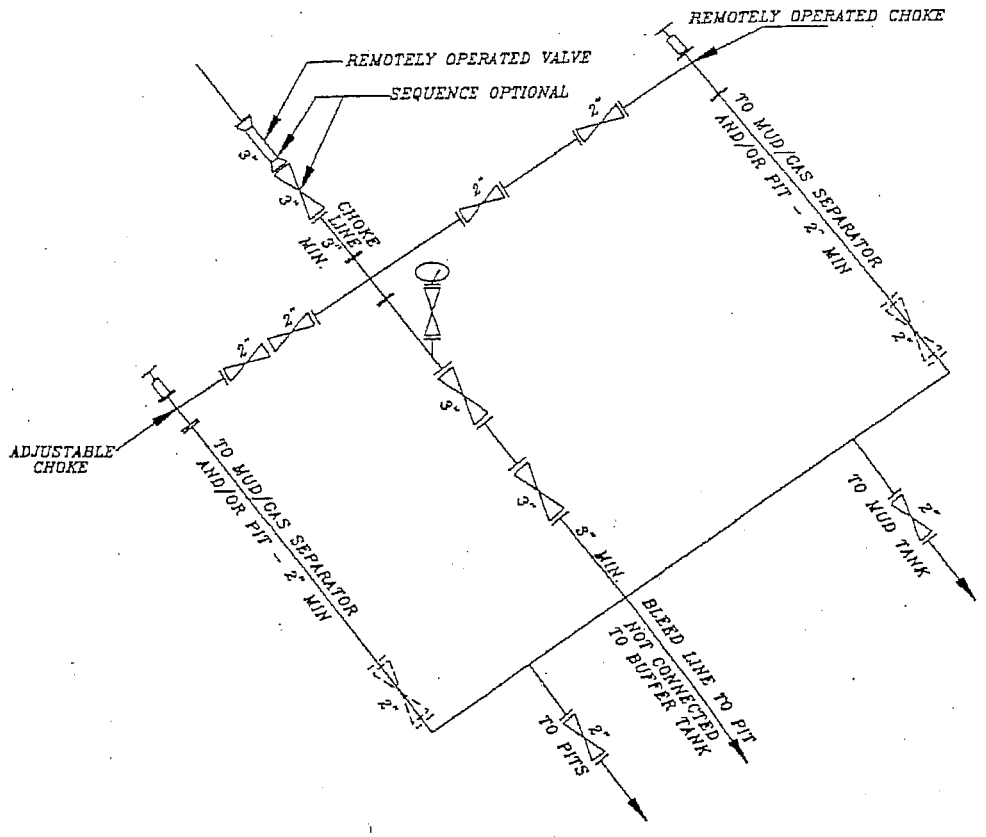
Brad Laney

DRILLING SUPERINTENDENT: _____ **DATE:** _____

Randy Bayne

5M BOP STACK and CHOKE MANIFOLD SYSTEM





BITTER CREEK 1122-3H
SE/NE SECTION 3, T11S, R22E
UINTAH COUNTY, UTAH
UTU-29797

ONSHORE ORDER NO. 1

MULTI-POINT SURFACE USE & OPERATIONS PLAN

1. **Existing Roads:**

Directions to the proposed location are attached.

Refer to Topo Maps A and B for location of access roads within a 2-mile radius.

All existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.

2. **Planned Access Roads:**

The proposed access road is approximately 75' +/- of proposed access road Refer to Topo Map B.

The access road will be crowned (2 to 3%), ditched and constructed with a running surface of 18 feet and a maximum disturbed width of 30 feet. Graveling or capping the roadbed will be performed as necessary to provide a well constructed, safe road. Prior to construction or upgrading, the proposed road shall be cleared of any snow and allowed to dry completely.

Surface disturbance and vehicular traffic will be limited to the proposed location and proposed access route. Any additional area needed will be approved in advance. All construction shall be in conformance with the standards outlined in the BLM and Forest Service publication: Surface Operating Standards for Oil and Gas Exploration and Development. 1989.

The road surface and shoulders will be kept in a safe and usable condition and will be maintained in accordance with the original construction standards. All drainage ditches will be kept clear and free-flowing and will be maintained according to original construction standards. The access road surface will be kept free of trash during operations. All traffic will be confined to the approved disturbed surface. Road drainage crossings shall be designed so they will not cause siltation or accumulation of debris in the drainage crossing or shall the drainages be blocked by the road bed. Erosion of drainage ditches by runoff water shall be prevented by diverting water off at frequent intervals by means of cutouts. Should mud holes develop, they shall be filled in and detours around them avoided. When snow is removed from the road during the winter months, the snow shall be pushed outside of the borrow ditches, and the turnouts kept clear so that snowmelt will be channeled away from the road.

3. **Location of Existing Wells Within a 1-Mile Radius:**

Please refer to Topo Map C.

4. Location of Existing & Proposed Facilities & Pipelines:

The following guidelines will apply if the well is productive.

All production facilities will be located on the disturbed portion of the well pad and at a minimum of 25 feet from the toe of the back slope or the top of the fill slope.

A dike will be constructed completely around those production facilities which contain fluids (i.e., production tanks, produced water tanks, and/or heater/treater). These dikes will be constructed of compacted subsoil, be impervious, hold 100% of the capacity of the largest tank, and be independent of the back cut.

All permanent (on-site six months or longer) above the ground structures constructed or installed, including pumping units, will be painted a flat, non-reflective, earthtone color to match one of the standard environmental colors, as determined by the five state Rocky Mountain Inter-Agency Committee.

All facilities will be painted within six months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded. The requested color is Carlsbad Canyon (2.5 Y 6/2) as determined during the on-site inspection.

Any necessary pits will be properly fenced to protect livestock and prevent wildlife entry.

Variances to Best Management Practices (BMP) Requests:

Aapproximately 72' +- of 4" 4"steel pipeline is proposed from the location to tie-in to an existing pipeline. The pipeline will be butt-welded together. The pipeline shall be installed on surface within access corridor for the well location. As a Best Management Practice (BMP), the pipeline would be buried within the access road corridor if possible. The construction of pipelines requires the corridor of 30 feet.

This exception to the BMP should be granted by the BLM Authorized Officer because indurated bedrock, such as sandstone, is at or within 2 feet of the surface and the soil has a poor history for successful rehabilitation.

5. Location and Type of Water Supply:

Water for drilling purposes will be obtained from Dalbo Inc.'s underground well located in Ouray, Utah, Sec.32, T4S,R3E, Water User Claim #43-8496, Application #53617.

Water will be hauled to location over the roads marked on Maps A and B.

No water well is to be drilled on this lease.

6. **Source of Construction Materials:**

Surface and subsoil materials in the immediate area will be utilized.

Any gravel will be obtained from a commercial source.

7. **Methods of Handling Waste Materials:**

Drill cuttings will be contained and buried in the reserve pit.

Drilling fluids, including salts and chemicals, will be contained in the reserve pit. Upon termination of drilling and completion operations, the liquid contents of the reserve pit will be removed and disposed of at an approved waste disposal facility within 120 days after drilling is terminated.

The reserve pit will be constructed on the location and will not be located within natural drainage, where a flood hazard exists or surface runoff will destroy or damage the pit walls. The reserve pit will be constructed so that it will not leak, break, or allow discharge of liquids.

A plastic reinforced liner is to be used as discussed during on-site inspection. It will be a minimum of 20 mil thick and felt with sufficient bedding used to cover any rocks. The liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash or scrap that could puncture the liner will be disposed of in the pit.

Any spills of oil, gas, salt water, or other noxious fluids will be immediately cleaned up and removed to an approved disposal site.

A chemical porta-toilet will be furnished with the drilling rig.

Garbage, trash, and other waste materials will be collected in a portable, self-contained, fully enclosed trash cage during operations. No trash will be burned on location.

All debris and other waste material not contained in the trash cage will be cleaned up and removed from the location immediately after removal of the drilling rig.

Any open pits will be fenced during the operations. The fencing will be maintained until such time as the pits are backfilled.

No chemicals subject to reporting under SARA Title III (hazardous materials) in an amount greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.

Any produced water from the proposed well will be contained in a water tank and will then be hauled by truck to one of the pre-approved disposal sites: RNI, Sec. 5, T9S, R22E, NBU #159, Sec.35, T9S, R21E, Ace Oilfield, Sec. 2, T6S, R20E, MC&MC, Sec. 12, T6S, R19E. (Request is in lieu of filing Form 3160-5, after initial production).

8. **Ancillary Facilities:**

None are anticipated.

9. **Well Site Layout:** (See Location Layout Diagram)

The attached Location Layout Diagram describes drill pad cross-sections, cuts and fills, and locations of the mud tanks, reserve pit, flare pit, pipe racks, trailer parking, spoil dirt stockpile(s), and surface material stockpile(s).

Please see the attached diagram to describe rig orientation, parking areas, and access roads.

39 inch net wire will be used with at least one strand of barbed wire on top of the net wire. Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence.

The net wire shall be no more than two inches above the ground. The barbed wire shall be three inches over the net wire. Total height of the fence shall be at least 42 inches.

Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.

Standard steel, wood, or pipe posts shall be used between the corner braces. Maximum distance between any 2 fence posts shall be no greater than 16 feet.

All wire shall be stretched, by using a stretching device, before it is attached to corner posts.

The reserve pit fencing will be on three sides during drilling operations, and on the fourth side when the rig moves off location. Pits will be fenced and maintained until cleanup.

10. **Plans for Reclamation of the Surface:**

Producing Location:

Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, materials, trash, and debris not required for production.

Immediately upon well completion, any hydrocarbons in the pit shall be removed in accordance with 43 CFR 3162.7-1.

Before any dirt work associated with location restoration takes place, the reserve pit shall be as dry as possible. All debris in it will be removed. Other waste and spoil materials will be disposed of immediately upon completion of operations.

The reserve pit and that portion of the location not needed for production facilities/operations will be recontoured to the approximate natural contours. The reserve pit will be reclaimed within 90 days from the date of well completion, weather permitting.

To prevent surface water (s) from standing (ponding) on the reclaimed reserve pit area, final reclamation of the reserve pit will consist of "mounding" the surface three feet above surrounding ground surface to allow the reclaimed pit area to drain effectively.

Upon completion of backfilling, leveling, and recontouring, the stockpiled topsoil will be spread evenly over the reclaimed area(s).

Dry Hole/Abandoned Location:

Abandoned well sites, roads, and other disturbed areas will be restored as near as practical to their original condition. Where applicable, these conditions include the re-establishment of irrigation systems, the re-establishment of appropriate soil conditions, and re-establishment of vegetation as specified.

All disturbed surfaces will be recontoured to the approximate natural contours, with reclamation of the well pad and access road to be performed as soon as practical after final abandonment. Reseeding operations will be performed after completion of other reclamation operations.

When the pit is backfilled, the topsoil pile shall be spread on the location up to the rig anchor points. The location will be reshaped to the original contour to the extent possible. The following seed mixture will be used to reclaim the surface for interim reclamation using appropriate reclamation methods. A total of 12 lbs/acre will be used if the seeds are drilled (24 lbs/acre if the seeds are broadcast). The per acre requirements for drilled seeds are:

Galleta Grass	20 lbs.

The operator shall call BLM for the seed mixture when final reclamation occurs.

11. **Surface Ownership:**

United States of America
Bureau of Land Management
170 South 500 East
Vernal, UT 84078
(435) 781-4400

12. **Other Information:**

A Class III Archaeological Survey has been performed and completed on October 5, 2006, the Archaeological Report No. 06-267.
The Paleontological Reconnaissance Survey has been performed and completed on October 5, 2006 the Paleontological Reconnaissance Survey Report No. 06-272. These reports are being submitted along with the Application for Permit to Drill (APD).

WILDLIFE STIPULATIONS:

ANTELOPE: No construction or drilling from May 15th – June 20th. A letter to the BLM office to waive the antelope stipulation.

MEXICAN SPOTTED OWL Stipulation for buffer (within ½ mile of habitat) areas:

"The project area is proposed within ½ mile of Mexican Spotted Owl habitat. With this

occurrence no surface occupancy will be allowed until after the first season of surveys is completed. If no owls are detected after the first season of surveys, then construction and drilling may begin outside of the timing restriction March 15 – June 15. The second season of surveys will still be required for these buffer areas."

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, the approved Plan of Operations, and any applicable Notice of Lessees. The Operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance. The Operator will control noxious weeds along Rights-Of-Way for roads, pipelines, well sites, or other applicable facilities.

13. Lessee's or Operators's Representative & Certification:

Sheila Upchego
Regulatory Analyst
Kerr-McGee Oil & Gas Onshore LP
1368 South 1200 East
Vernal, UT 84078
(435) 781-7024

Randy Bayne
Drilling Manager
Kerr-McGee Oil & Gas Onshore LP
1368 South 1200 East
Vernal, UT 84078
(435)781-7018

Certification: All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved Plan of Operations, and any applicable Notice to Lessees.

The Operator will be fully responsible for the actions of its subcontractors. A complete copy of the approved "Application for Permit to Drill" will be furnished to the field representative(s) to ensure compliance and shall be on location during all construction and drilling operations.

Kerr-McGee Oil &Gas Onshore LP is considered to be the operator of the subject well. Westport Oil & Gas Company agrees to be responsible under the terms and the conditions of the lease for the operations conducted upon leased lands.

Bond coverage pursuant to 43 CFR 3104 for the lease activities is being provided by BLM Nationwide Bond #WY-2357.

I hereby certify that the proposed drill site and access route has been inspected and that I am familiar with the conditions that currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed by the Operator, its contractors, and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

Sheila Upchego

October 24, 2006
Date

Kerr-McGee Oil & Gas Onshore LP

BITTER CREEK #1122-3H

SECTION 3, T11S, R22E, S.L.B.&M.

PROCEED IN A WESTERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 14.0 MILES TO THE JUNCTION OF STATE HIGHWAY 88; EXIT LEFT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 17.0 MILES TO OURAY, UTAH; PROCEED IN A SOUTHERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 11.2 MILES ON THE SEEP RIDGE ROAD TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN LEFT AND PROCEED IN AN EASTERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 9.2 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN LEFT AND PROCEED IN AN EASTERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 1.2 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHEAST; TURN LEFT AND PROCEED IN A NORTHEASTERLY DIRECTION APPROXIMATELY 1.8 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTH; TURN RIGHT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 2.7 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE WEST; TURN RIGHT AND PROCEED IN A WESTERLY, THEN NORTHWESTERLY DIRECTION APPROXIMATELY 0.25 MILES TO THE BEGINNING OF THE PROPOSED ACCESS FOR THE #1122-3A TO THE NORTH; FOLLOW ROAD FLAGS IN A NORTHERLY DIRECTION APPROXIMATELY 270' TO THE BEGINNING OF THE PROPOSED ACCESS TO THE WEST; FOLLOW ROAD FLAGS IN A WESTERLY DIRECTION APPROXIMATELY 75' TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 57.35 MILES.

Kerr-McGee Oil & Gas Onshore LP

BITTER CREEK #1122-3H

LOCATED IN UINTAH COUNTY, UTAH
SECTION 3, T11S, R22E, S.L.B.&M.

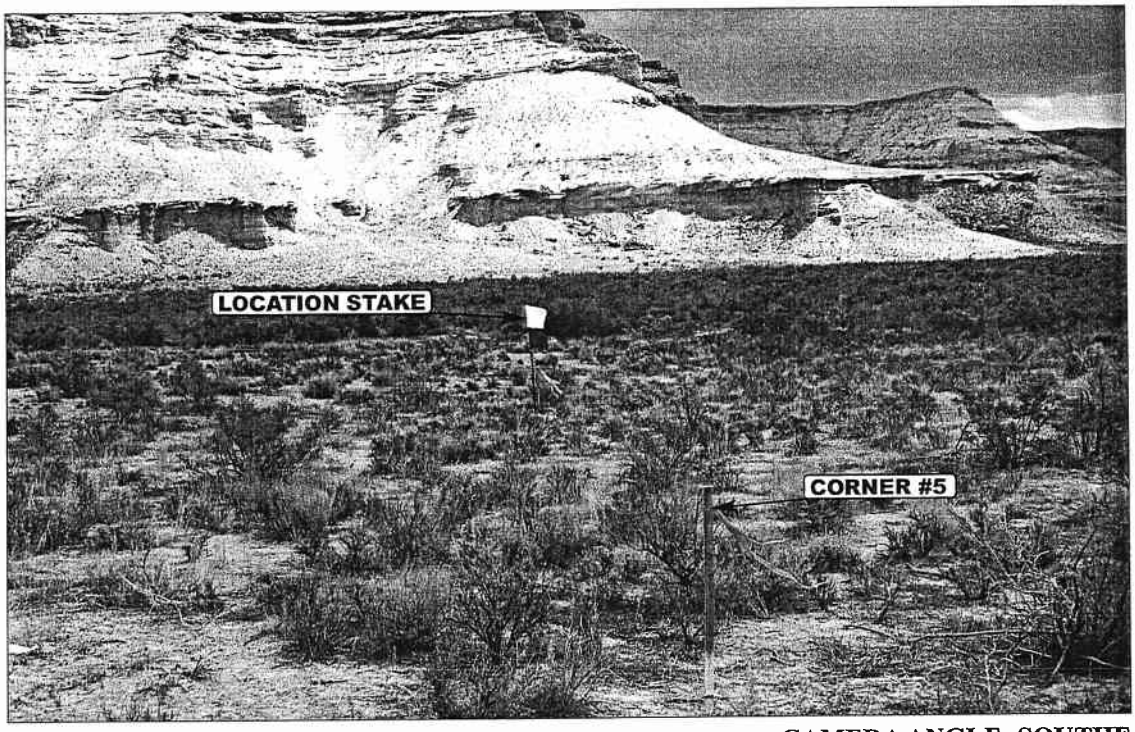


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE **CAMERA ANGLE: SOUTHEASTERLY**

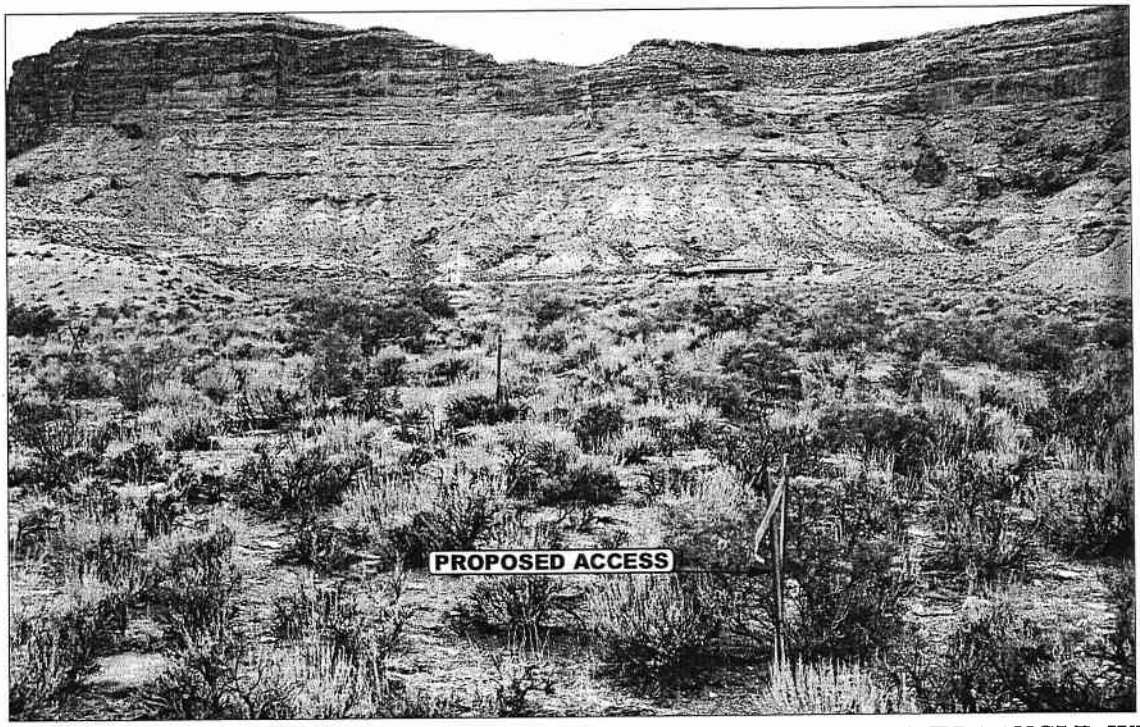
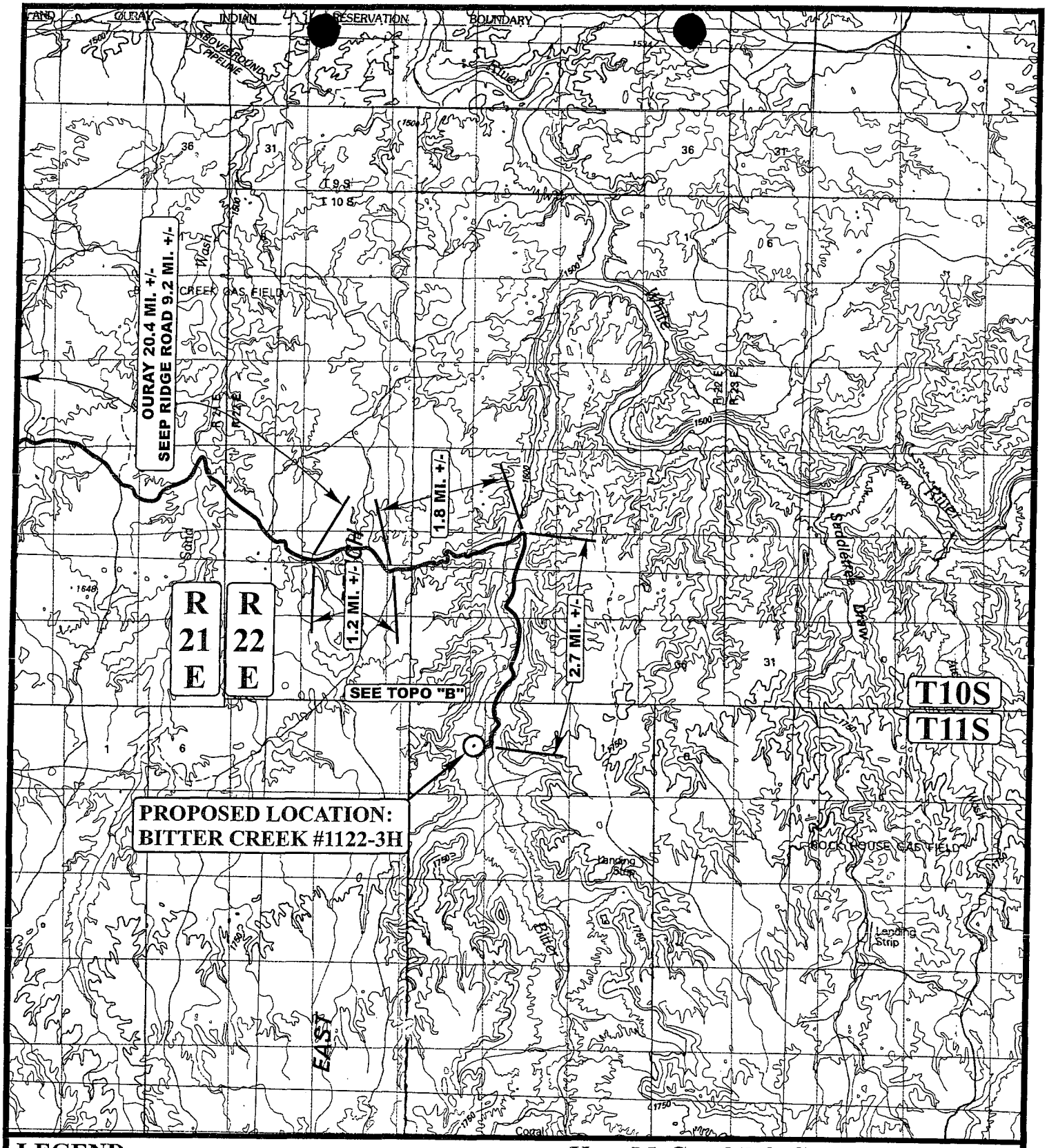


PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS **CAMERA ANGLE: WESTERLY**

- Since 1964 -
Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

LOCATION PHOTOS	08 MONTH	21 DAY	06 YEAR	PHOTO
TAKEN BY: P.J.	DRAWN BY: C.P.	REVISED: 00-00-00		



LEGEND:

⊙ PROPOSED LOCATION

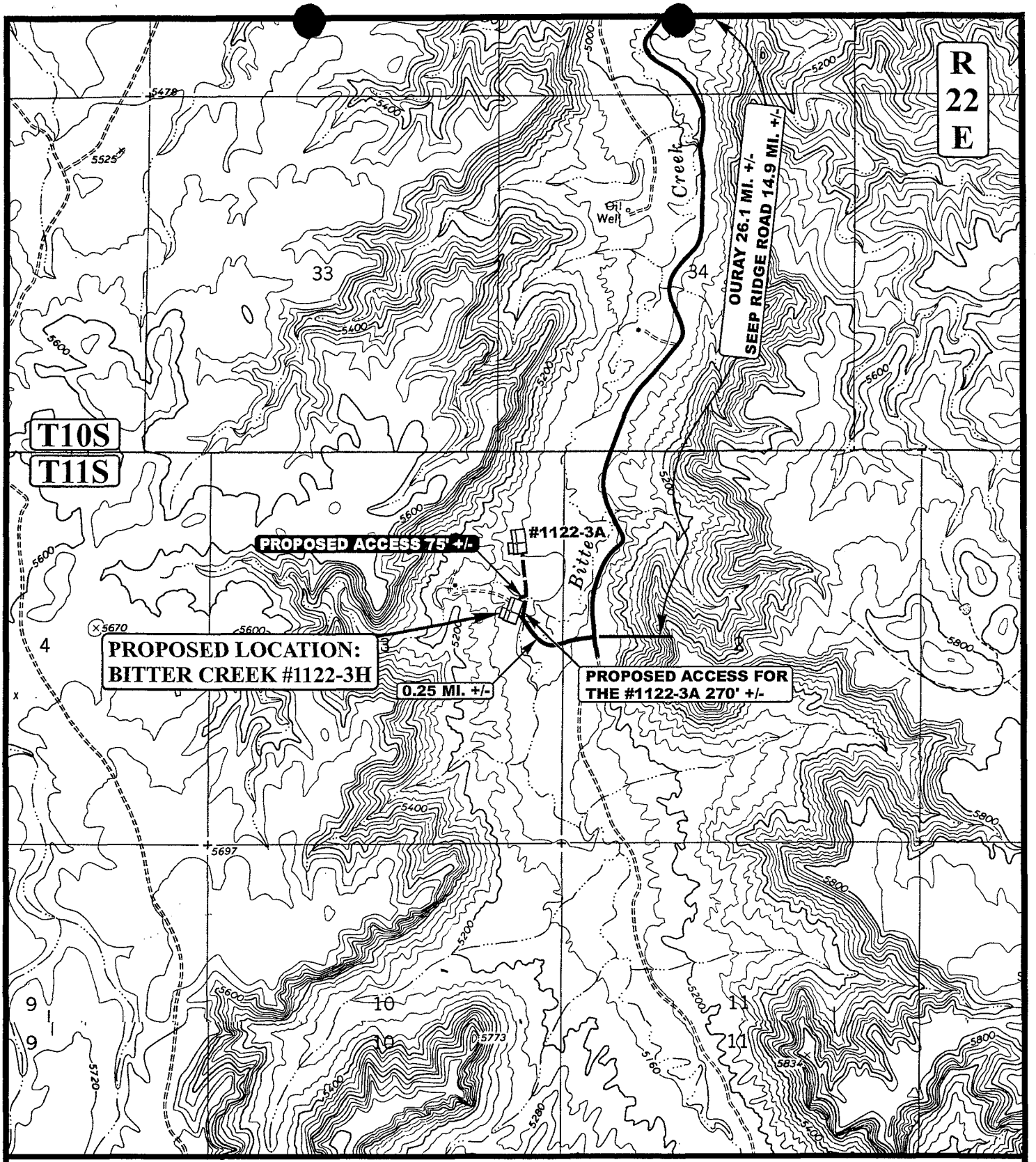
N

Kerr-McGee Oil & Gas Onshore LP

BITTER CREEK #1122-3H
SECTION 3, T11S, R22E, S.L.B.&M.
2350' FNL 784' FEL

Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC MAP	08 MONTH	21 DAY	06 YEAR
SCALE: 1:100,000	DRAWN BY: C.P.	REVISED: 00-00-00	A TOPO



LEGEND:

EXISTING ROAD

PROPOSED ACCESS ROAD

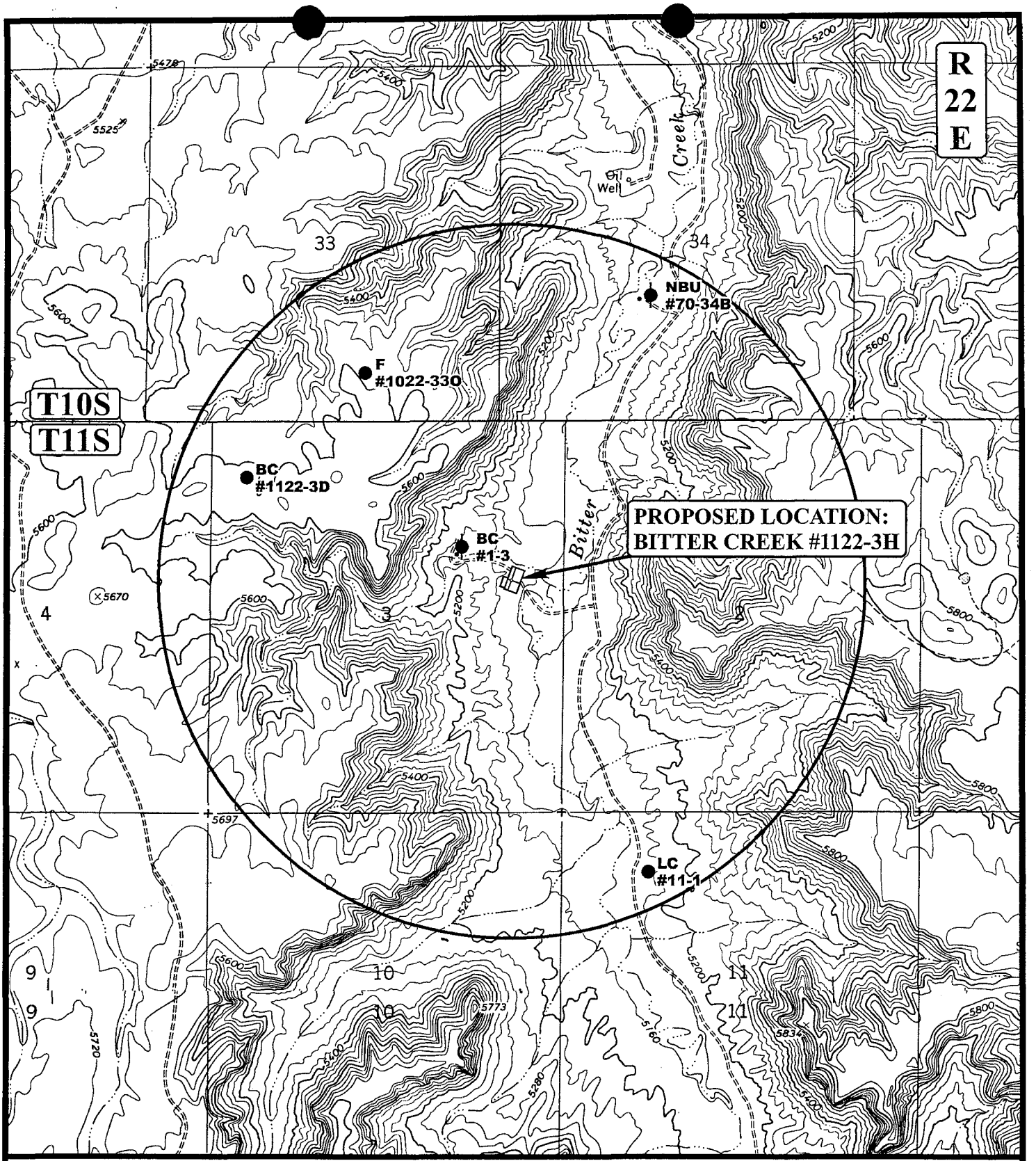
N

Kerr-McGee Oil & Gas Onshore LP

BITTER CREEK #1122-3H
SECTION 3, T11S, R22E, S.L.B.&M.
2350' FNL 784' FEL

Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC MAP	08 MONTH	21 DAY	06 YEAR	B TOPO
SCALE: 1" = 2000'	DRAWN BY: C.P.	REVISED: 00-00-00		



LEGEND:

- DISPOSAL WELLS
- PRODUCING WELLS
- SHUT IN WELLS
- WATER WELLS
- ABANDONED WELLS
- TEMPORARILY ABANDONED

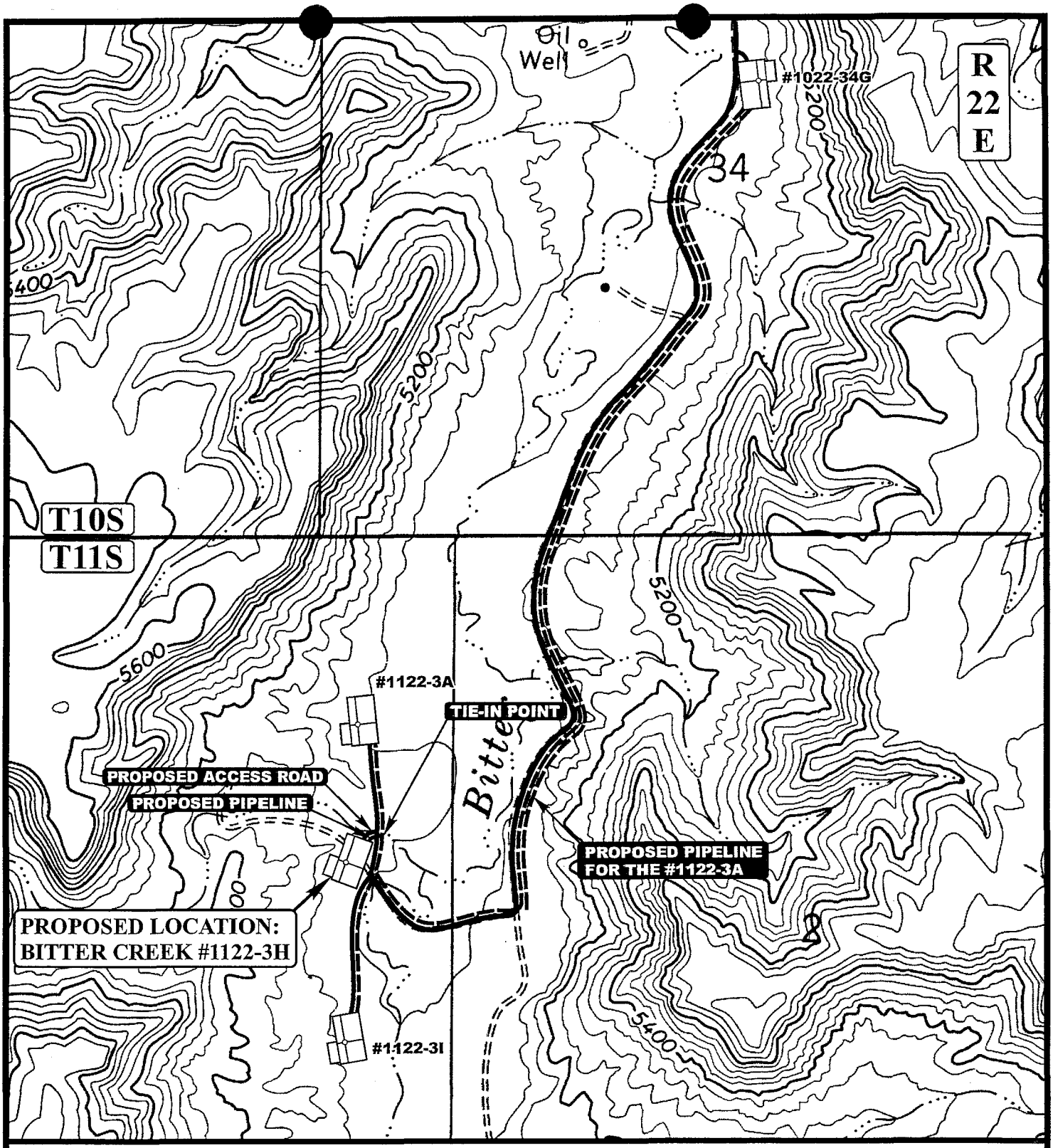
N

Kerr-McGee Oil & Gas Onshore LP

BITTER CREEK #1122-3H
SECTION 3, T11S, R22E, S.L.B.&M.
2350' FNL 784' FEL

Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC MAP	08 MONTH	21 DAY	06 YEAR
SCALE: 1" = 2000'	DRAWN BY: C.P.	REVISED: 00-00-00	C TOPO



APPROXIMATE TOTAL PIPELINE DISTANCE = 72' +/-

LEGEND:

PROPOSED ACCESS ROAD

PROPOSED PIPELINE

PROPOSED PIPELINE (SERVICING OTHER WELLS)

N

Kerr-McGee Oil & Gas Onshore LP

BITTER CREEK #1122-3H
SECTION 3, T11S, R22E, S.L.B.&M.
2350' FNL 784' FEL

Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC MAP	08 MONTH	21 DAY	06 YEAR
SCALE: 1" = 2000'	DRAWN BY: C.P.	REVISED: 00-00-00	D TOPO

Kerr-McGee Oil & Gas Onshore LP

BITTER CREEK #1122-3H

PIPELINE ALIGNMENT

LOCATED IN UINTAH COUNTY, UTAH

SECTION 3, T11S, R22E, S.L.B.&M.

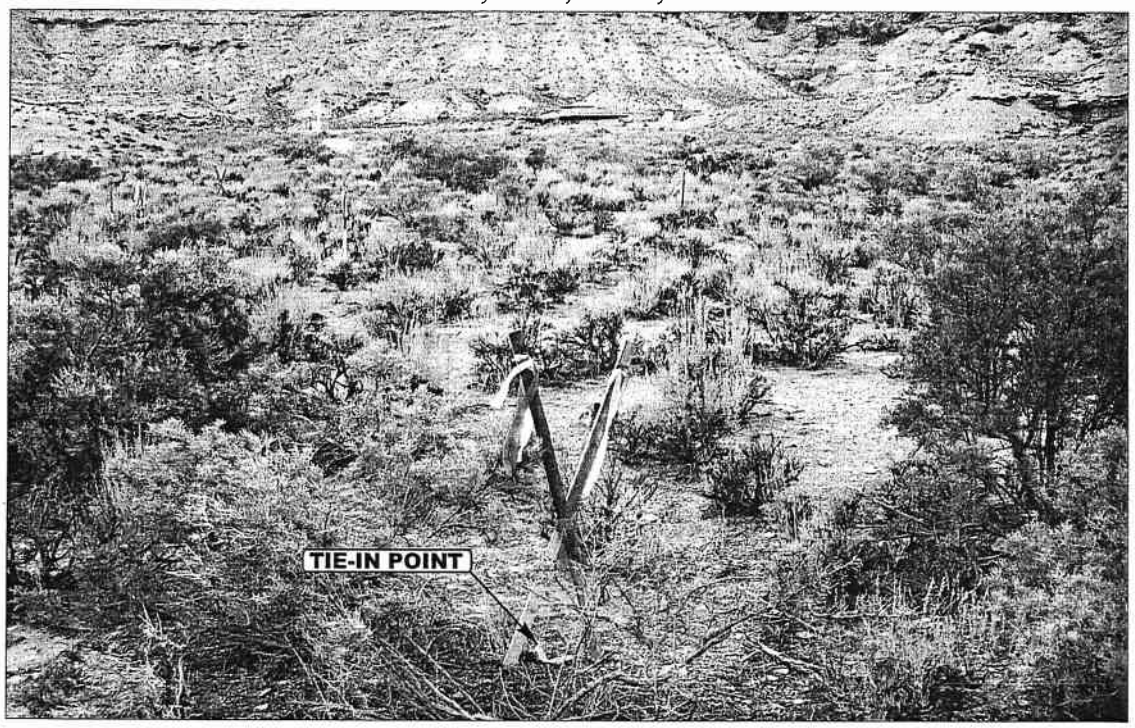


PHOTO: VIEW OF TIE-IN POINT **CAMERA ANGLE: WESTERLY**

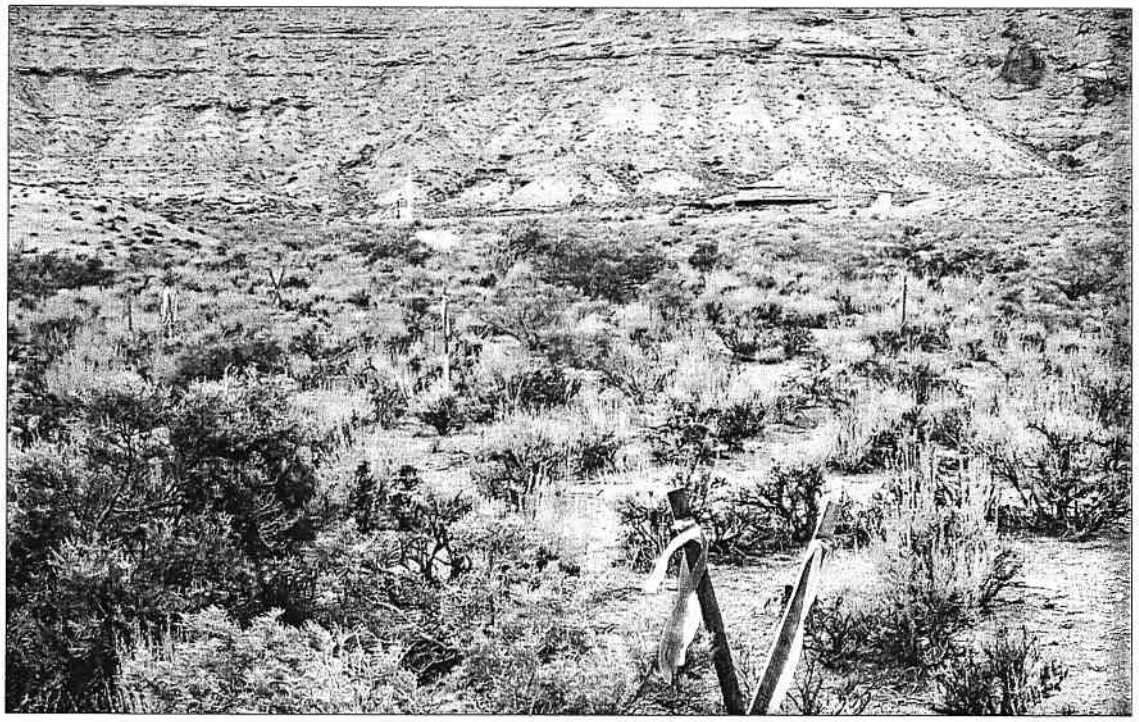


PHOTO: VIEW OF PIPELINE ALIGNMENT **CAMERA ANGLE: WESTERLY**

- Since 1964 -

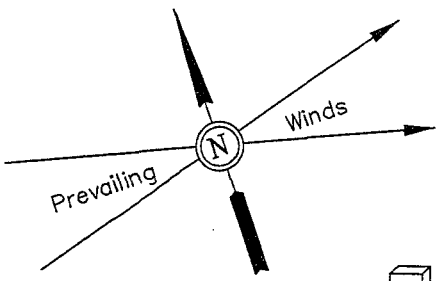
Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

PIPELINE PHOTOS	08 MONTH	21 DAY	06 YEAR	PHOTO
TAKEN BY: P.J.	DRAWN BY: C.P.	REVISED: 00-00-00		

Kerr-McGee Oil & Gas Onshore LP

LOCATION LAYOUT FOR

BITTER CREEK #1122-3H
SECTION 3, T11S, R22E, S.L.B.&M.
2350' FNL 784' FEL



Proposed Access Road for the #1122-3A

Proposed Access Road

F-1.0'
El. 83.8'

Sta. 3+50

C-6.3'
El. 91.1'

C-5.0'
El. 89.8'

SCALE: 1" = 50'
DATE: 08-18-06
Drawn By: C.H.

REGISTERED LAND SURVEYOR
No. 161318
ROBERT L. KAY
STATE OF UTAH

Existing Road
(Re-Route as Needed)

Approx. Top of Cut Slope

NOTE:
Flare Pit is to be located a min. of 100' from the Well Head

Approx. Toe of Fill Slope

Pit Topsoil

PIPE TUBS

CATWALK

PIPE RACKS

El. 93.5'
C-18.7'
(btm. pit)

C-2.4'
El. 87.2'

C-0.4'
El. 85.2'

Blooie Line

RIG

Sta. 1+50

Reserve Pit Backfill & Spoils Stockpile

70'

58'

135'

10'

RESERVE PITS
(10' Deep)

Total Pit Capacity
W/2' of Freeboard
= 9,650 Bbls. ±
Total Pit Volume
= 2,780 Cu. Yds.

15' WIDE BENCH

SLOPE 1 1/2 : 1

150'

MUD TANKS

DOG HOUSE

TOILET

F-7.4'
El. 77.4'

TRAILER

LIGHT PLANT

BOILER

MUD TANKS

PUMP HOUSE

WATER TANK

C-2.8'
El. 87.6'

TRASH

Sta. 0+50

C-8.5'
El. 93.3'

PROPANE STORAGE

Round Corners as Needed

Topsoil Stockpile

C-5.0'
El. 89.8'

Sta. 0+00

El. 97.5'
C-22.7'
(btm. pit)

15' WIDE BENCH

C-9.0'
El. 93.8'

F-5.7'
El. 79.1'

NOTES:

Elev. Ungraded Ground At Loc. Stake = 5085.2'

FINISHED GRADE ELEV. AT LOC. STAKE = 5084.8'

FIGURE #1

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017

Kerr-McGee Oil & Gas Onshore LP

FIGURE #2

TYPICAL CROSS SECTIONS FOR

BITTER CREEK #1122-3H

SECTION 3, T11S, R22E, S.L.B.&M.

2350' FNL 784' FEL

1" = 20'

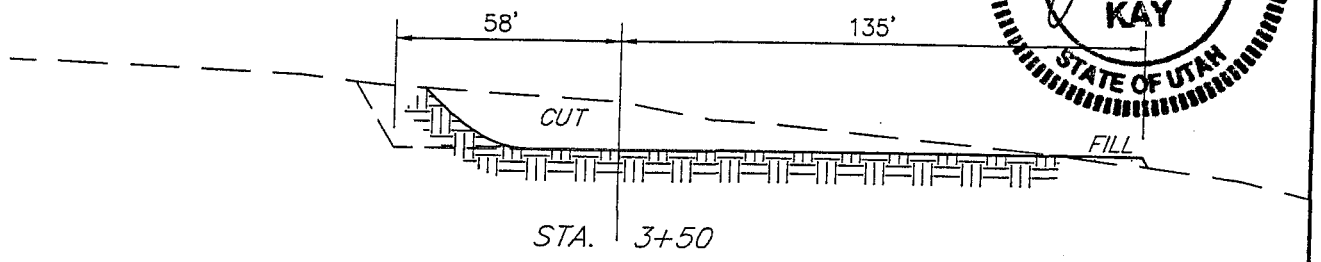
X-Section Scale

1" = 50'

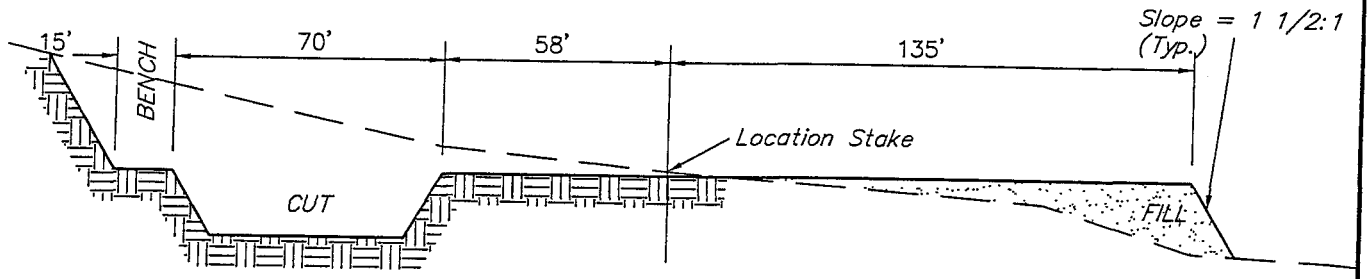
DATE: 08-18-06

Drawn By: C.H.

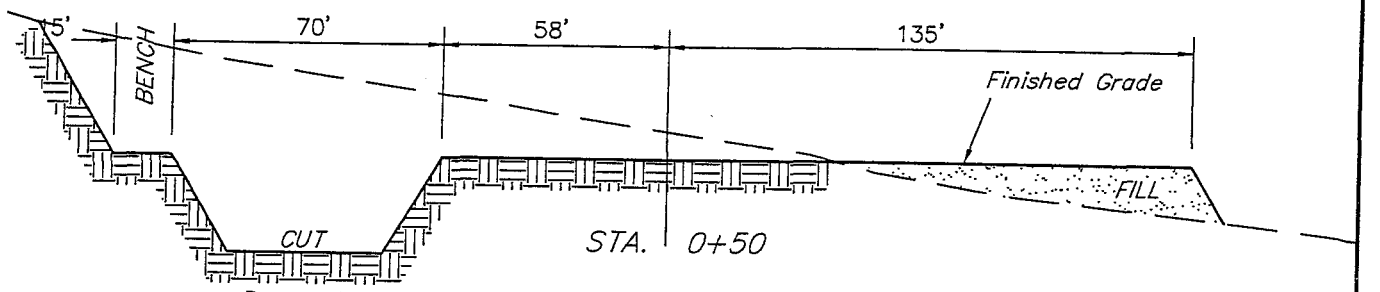
REGISTERED LAND SURVEYOR
No. 161319
ROBERT L. KAY
STATE OF UTAH



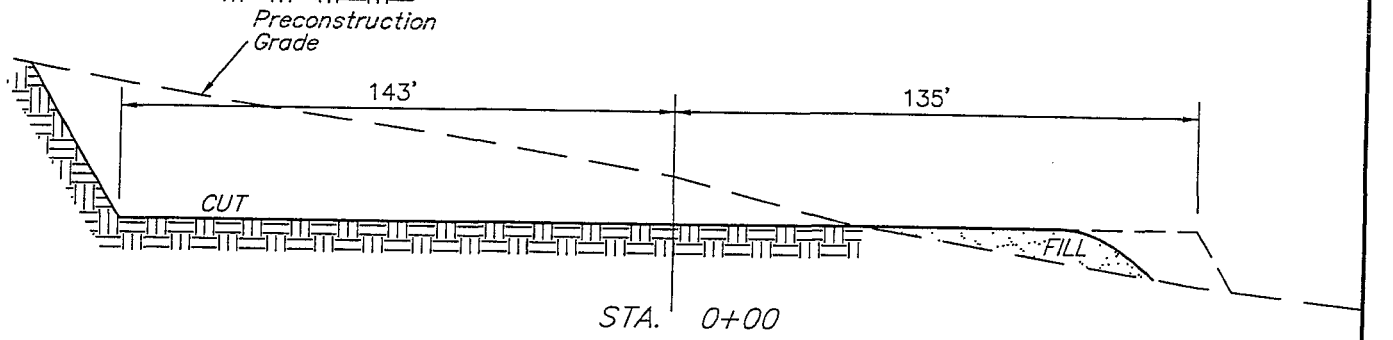
STA. 3+50



STA. 1+50



STA. 0+50



STA. 0+00

APPROXIMATE YARDAGES

CUT

(6") Topsoil Stripping = 1,830 Cu. Yds.

Remaining Location = 12,210 Cu. Yds.

TOTAL CUT = 14,040 CU.YDS.

FILL = 3,710 CU.YDS.

EXCESS MATERIAL = 10,330 Cu. Yds.

Topsoil & Pit Backfill (1/2 Pit Vol.) = 3,220 Cu. Yds.

EXCESS UNBALANCE (After Interim Rehabilitation) = 7,110 Cu. Yds.

UINTAH ENGINEERING & LAND SURVEYING

85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 11/01/2006

API NO. ASSIGNED: 43-047-38822

WELL NAME: BITTER CREEK 1122-3H

OPERATOR: KERR-MCGEE OIL & GAS (N2995)

PHONE NUMBER: 435-781-7024

CONTACT: SHEILA UPCHEGO

PROPOSED LOCATION:

SENE 03 110S 220E

SURFACE: 2350 FNL 0784 FEL

BOTTOM: 2350 FNL 0784 FEL

COUNTY: UINTAH

LATITUDE: 39.89172 LONGITUDE: -109.4338

UTM SURF EASTINGS: 633905 NORTHINGS: 4416703

FIELD NAME: BITTER CREEK (547)

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering		
Geology		
Surface		

LEASE TYPE: 1 - Federal

LEASE NUMBER: UTU-29797

PROPOSED FORMATION: WSMVD

SURFACE OWNER: 1 - Federal

COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

✓ Plat

✓ Bond: Fed[1] Ind[] Sta[] Fee[]
(No. WY-2357)

N Potash (Y/N)

N Oil Shale 190-5 (B) or 190-3 or 190-13

✓ Water Permit
(No. 43-8496)

N RDCC Review (Y/N)
(Date:)

N/A Fee Surf Agreement (Y/N)

N/A Intent to Commingle (Y/N)

LOCATION AND SITING:

___ R649-2-3.

Unit: _____

___ R649-3-2. General

Siting: 460 From Qtr/Qtr & 920' Between Wells

___ R649-3-3. Exception

✓ Drilling Unit

Board Cause No: 210-04

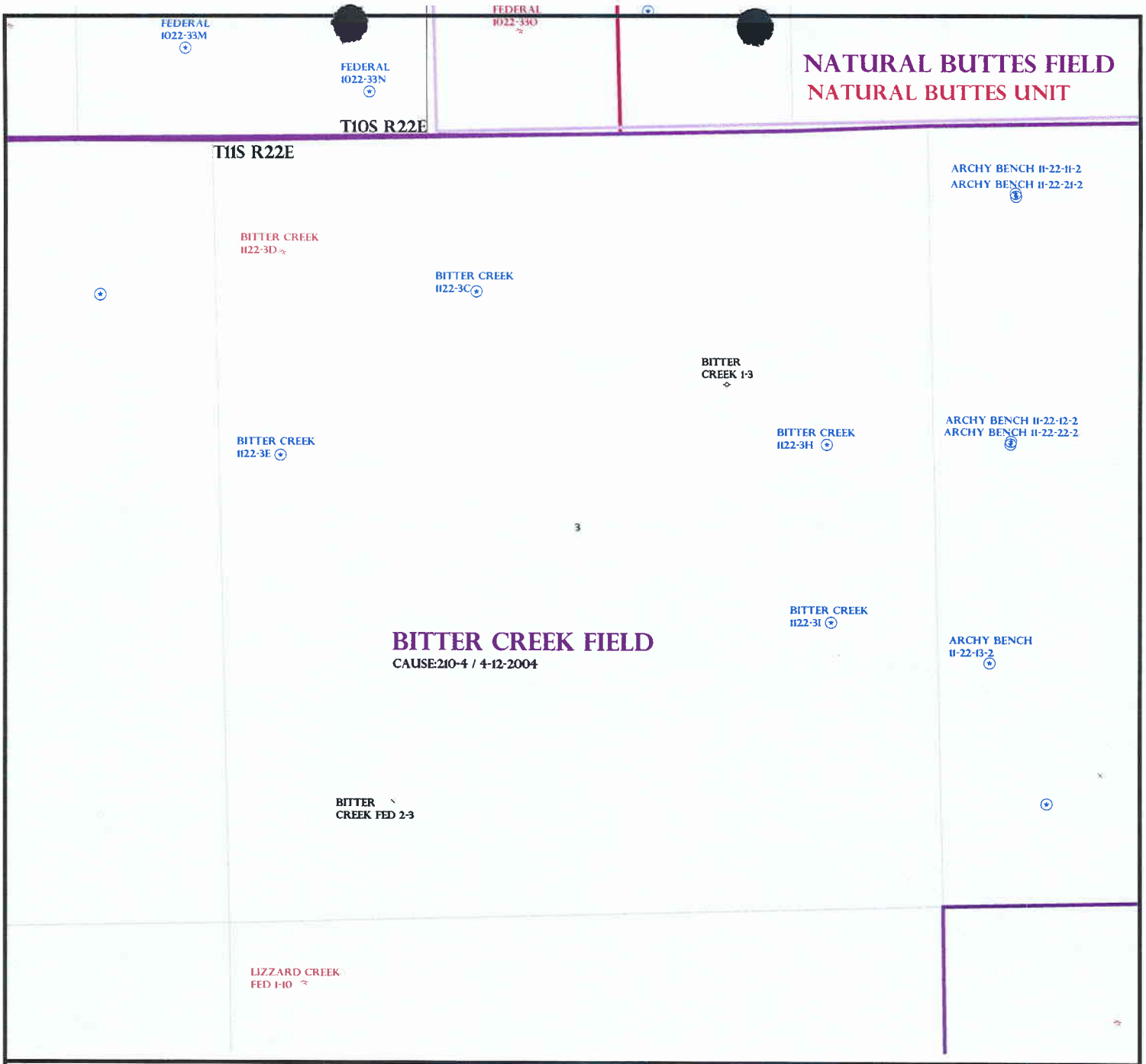
Eff Date: 4-12-04

Siting: 460' fr unit bdry & 920' fr other wells.

___ R649-3-11. Directional Drill

COMMENTS: _____

STIPULATIONS: 1- Federal Approval



OPERATOR: KERR MCGEE O&G (N2995)

SEC: 3 T.11S R. 22E

FIELD: BITTER CREEK (547)

COUNTY: UINTAH

CAUSE:210-4 / 4-12-2004

Field Status
- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED

Unit Status
- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

Wells Status
- GAS INJECTION
- GAS STORAGE
- LOCATION ABANDONED
- NEW LOCATION
- PLUGGED & ABANDONED
- PRODUCING GAS
- PRODUCING OIL
- SHUT-IN GAS
- SHUT-IN OIL
- TEMP. ABANDONED
- TEST WELL
- WATER INJECTION
- WATER SUPPLY
- WATER DISPOSAL
- DRILLING

Utah Oil Gas and Mining

N
W E
S

PREPARED BY: DIANA MASON
DATE: 6-NOVEMBER-2006

State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

November 7, 2006

Kerr McGee Oil & Gas Onshore LP
1368 S 1200 E
Vernal, UT 84078

Re: Bitter Creek 1122-3H Well, 2350' FNL, 784' FEL, SE NE, Sec. 3, T. 11 South, R. 22 East, Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann.§ 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-38822.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Uintah County Assessor (via e-mail)
Bureau of Land Management, Vernal District Office

Operator: Kerr McGee Oil & Gas Onshore LP

Well Name & Number Bitter Creek 1122-3H

API Number: 43-047-38822

Lease: UTU-29797

Location: SE NE **Sec.** 3 **T.** 11 South **R.** 22 East

Conditions of Approval

1. General

   Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

   Notify the Division within 24 hours of spudding the well.

   - Contact Carol Daniels at (801) 538-5284.

   Notify the Division prior to commencing operations to plug and abandon the well.

   - Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

   All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

March 9, 2007

Sheila Upchego
Kerr-McGee O&G Onshore LP
1368 South 1200 East
Vernal, UT 84078

Re: APD Rescinded at the request of Kerr McGee

Dear Ms. Upchego:

Enclosed find the APD list that was requested to be rescinded to Kerr-McGee per Raleen White and you dated March 9, 2007. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective March 9, 2007.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

Diana Mason
Environmental Scientist

cc: Well File
Bureau of Land Management, Vernal

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • *www.ogm.utah.gov*

Well Name	API Number
NBU 1022-35I	43-047-35677
NBU 1022-19L	43-047-37598
NBU 1022-21-0	43-047-37174
NBU 1022-19K	43-047-37783
NBU 1022-22G	43-047-38794
NBU 1022-21A	43-047-36089
NBU 1022-19M	43-047-37599
NBU 1022-19N	43-047-37597
NBU 1022-21J	43-047-37175
NBU 1022-21P	43-047-37173
NBU 1022-22C	43-047-37177
NBU 1022-22E	43-047-37176
NBU 1022-29A	43-047-37101
NBU 1022-30I	43-047-37600
NBU 1022-30J	43-047-37551
NBU 1022-30N	43-047-37550
BITTER CREEK 1122-3H	43-047-38822
BITTER CREEK 1122-3I	43-047-38809
BITTER CREEK 1122-5M	43-047-38121
BITTER CREEK 1122-6B	43-047-38118
BITTER CREEK 1122-6F	43-047-38117
BITTER CREEK 1122-6G	43-047-38116
BITTER CREEK 1122-6H	43-047-38115
BITTER CREEK 1122-6J	43-047-38114
BITTER CREEK 1122-6L	43-047-38112
BITTER CREEK 1122-6P	43-047-38110
FEDERAL 1021-24E	43-047-38175
FEDERAL 1021-24G	43-047-38174
FEDERAL 1021-24K	43-047-38176
FEDERAL 1021-24M	43-047-38177
FEDERAL 1022-29E	43-047-37102
FEDERAL 1022-29G	43-047-37357
FEDERAL 1022-31M	43-047-37358
FEDERAL 1022-31O	43-047-37104
MULLIGAN 823-3F	43-047-38620
MULLIGAN 823-3P	43-047-38619
MULLIGAN 823-4B	43-047-38621
MULLIGAN 823-13L	43-047-38626
MULLIGAN 823-20O	43-047-38628
MULLIGAN 822-13G	43-047-36556
MULLIGAN 823-18E	43-047-36557